



# Best Practices



May 2024 – Pre- and Post-Funding Compliance Quality Findings

May 24, 2024

Correspondent Lending

Housing Finance Agency (HFA)

## Summary

The following items highlight the most recent pre- and post-funding compliance findings as a part of the loan review and quality control processes.

Finding	Common Error(s)	Best Practice
Final Closing Disclosure	Disbursement Closing Disclosure (CD) not provided	<ul style="list-style-type: none"> <li>For properties located in California, a disbursement CD should be provided in the closed loan package <b>or</b> a written statement verifying that fees did not change from Final CD to disbursement.</li> </ul>
	Seller Fees missing on disclosure	<ul style="list-style-type: none"> <li>Commissions for real estate brokers should be listed in 'Section H' of the consumer's final CD in the appropriate column.</li> </ul>
	Cash to Close	<ul style="list-style-type: none"> <li>Ensure the cash-to-close section is accurate by comparing the Loan Estimate (LE) column on the final CD to the final LE. Also ensure all LEs are included in the loan file at time of submission for purchase.</li> </ul>
	Fee Section/Location Incorrect	<ul style="list-style-type: none"> <li>Improper placement of fees in sections B and C of the CD based on fees reflected on the written list of providers.</li> </ul>
	Payee/Provider name	<ul style="list-style-type: none"> <li>Payee/provider name should be reflected on all applicable fees. When the specific program allows for the fee to be charged to the consumer, we will accept placement of the fee in Section B of the LE and CD paid to CoreLogic Tax Services, or the vendor of the lender's choice. U.S. Bank does not provide tax monitoring services and will not accept Section B fees disclosed as paid to U.S. Bank. Lenders may also disclose the fee as payable to themselves (the lender). The payee should not be listed as TBD or left blank.</li> </ul>
	Seller Broker Information	<ul style="list-style-type: none"> <li>All fields in the contact information section of the CD should be completed for Real Estate Broker (B) and Real Estate Broker (S).</li> </ul>
Initial Closing Disclosure	Document missing or not within TRID timing requirements	<ul style="list-style-type: none"> <li>The initial CD must be received by the borrower a minimum of 3 precise business days prior to loan consummation. U.S. Bank considers the day of receipt as day zero and consummation may occur on or after the third business day following day zero. U.S. Bank will rely on the date the borrower signs the note and security instrument as the date of consummation.</li> </ul>
Initial Application	Document missing or data/signatures missing on document	<ul style="list-style-type: none"> <li>Ensure all pages are provided, and:</li> <li>Signed by loan officer.</li> <li>Signed by borrower, if face-to-face.</li> <li>Borrower to sign Section 6 in lieu of the Taxpayer Consent Form.</li> <li>Ensure Demographic Addendum is included/attached to the Initial Residential Loan Application.</li> </ul>



**Top Quality Findings, continued**

Finding	Common Error(s)	Best Practice
Final Application	Document missing or data/signatures missing on document	<ul style="list-style-type: none"> <li>• Ensure all pages are provided, and:</li> <li>• Signed by borrower.</li> </ul>
Lock	Rate Lock document missing	<ul style="list-style-type: none"> <li>• The rate lock confirmation (borrower with lender, or lender with HFA when applicable) must be included in the closed loan file at delivery. U.S. Bank reviews for the date the applicable party chose to lock the loan with the lender.</li> </ul>
	Missing Information on LE	<ul style="list-style-type: none"> <li>• Each loan file must include copies of all LEs. If the interest rate is locked on or after the date the CD is provided, U.S. Bank will accept a CD indicating the rate is locked. If the interest rate is locked prior to the date the CD is provided; U.S. Bank policy requires that lenders issue a revised LE disclosure at the time of lock (no later than three business days after the rate is locked) if the initial LE was disclosed without a rate lock agreement in place, even if the lock does not cause a change to the rate, points, lender credits, or other rate dependent fees.</li> </ul>
Appraisal	Missing Fees	<ul style="list-style-type: none"> <li>• The appraisal invoice should be included in the closed loan package and all applicable fees reflected on the CD.</li> </ul>
	Document missing or not within delivery timing requirements	<ul style="list-style-type: none"> <li>• Ensure closed loan package contains either a Borrower Acknowledgement, Evidence of Receipt of Appraisal, Certification of Valuation Delivery or Waiver form within timing requirements.</li> </ul>
FHA	Document missing signatures	<ul style="list-style-type: none"> <li>• FHA Settlement Certification signed by all parties (buyer, seller, and settlement agent) for all purchase transactions.</li> </ul>
Second Mortgage Disclosures	Missing documentation	<ul style="list-style-type: none"> <li>• Ensure all applicable Federal Disclosures for the Subordinate Mortgage are submitted in the closing package.</li> </ul>

**Loan Delivery Checklists**

U.S. Bank utilizes multiple methods to reduce loan quality findings and eliminate potential delays in purchase including loan delivery and underwriting checklists located in the **Correspondent and HFA Lending Guide** (1100: Exhibits, Forms, & Checklists):

- **Correspondent**
  - [1141.1: Conventional Closed Loan Documentation Requirements](#)
  - [1141.2: Government Closed Loan Documentation Requirements](#)
- **HFA**
  - [Conventional Loan Delivery Checklist](#)
  - [Government Loan Delivery Checklist](#)

Please send a complete loan package, including all credit/underwriting documents, to avoid pre-funding and post-funding deficiencies and quality findings. Lenders may not receive notice of loan deficiencies for all items included on the checklist, however, we do require the credit package with the full closed loan package.

**Questions**



**Correspondent:** Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

**HFA:** Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.